



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

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**FISCAL YEAR 2015
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMORANDUM #37**

TO: Child and Adult Care Food Program Institutions

FROM: Marla J. Moss, Director
Office of School Support Services

DATE: September 22, 2015

**SUBJECT: Additional Requirements for Sponsoring Organization of
Unaffiliated Centers**

Sponsoring organization is defined as a public or nonprofit private organization that is entirely responsible for the administration of the food program in:

- (a) One or more day care homes.
- (b) A child care center, emergency shelter, at-risk afterschool care center, outside-school-hours care center, or adult day care center which is a legally distinct (or unaffiliated) entity from the sponsoring organization.
- (c) Two or more child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care center, or adult day care centers.
- (d) Any combination of child care centers, emergency shelters, at-risk afterschool care centers, outside-school-hours care centers, adult day care centers, and day care homes.

The term "sponsoring organization" also includes an organization that is entirely responsible for administration of the program in any combination of two or more child care centers, at-risk afterschool care centers, adult day care centers, or outside-school-hours care centers, which meet the definition of *For-profit center* and are part of the same legal entity as the sponsoring organization 7CFR 226.2. A for-profit organization cannot sponsor unaffiliated non-profit sites.

A sponsored center means a child care center, at-risk afterschool care center, adult day care center, emergency shelter, or outside-school-hours care center that operates the program under the auspices of a sponsoring organization. The two types of sponsored centers are as follows:

- (a) An affiliated center is a part of the same legal entity as Child and Adult Care Food Program (CACFP) sponsoring organization

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(b) An unaffiliated center is legally distinct from the sponsoring organization

Sponsors of unaffiliated centers must also comply with the following requirements:

- Disburse payments to sites within five business days of receipt of reimbursement from Michigan Department of Education (MDE).
- *Retain up to 15% each fiscal year of meal reimbursements for administrative costs.
- *Disburse cash-in-lieu reimbursements to sites incurring the meal costs.
- *If sponsor's end of FY year administrative expenses are less than 15% meal reimbursement, the remainder must be disbursed to unaffiliated sites.
- Maintain documentation to support sponsor's administrative costs.
- Ensure that all sites operate a non-profit food service and retain documentation.
- For each claim month filed, ensure that for-profit sponsored sites have 25% of the children in care (enrolled or licensed capacity) that are eligible for free or reduced price meals or are beneficiaries of Title XX funds during the most recent calendar month.
- Maintain site documentation to support claims for reimbursement.
- Have a signed agreement on file with each sponsored site. MDE recommends the Permanent Agreement – Sponsor of Unaffiliated Center for CACFP (see [Child and Adult Care Food Program Website](#), under Forms & Instructions, Independent Centers and Sponsor of Centers, Sponsor of Centers).
- Monitor sites according to regulatory requirements (see Fiscal Year (FY) 2015 Operational Memo #31).
- Inform sponsored sites of the serious deficiency process and provide them a copy of the Appeal Procedures annually.
- Institute an administrative review appeal process for sponsored unaffiliated sites.
- Employ appropriate monitoring staff to review sites per regulatory requirements (see FY 2015 Operational Memo #31).
- Train monitoring staff on monitoring requirements at least annually.
- Train key staff at new sites before they begin participation, and train annually thereafter.
- Train hearing officials at least annually on CACFP requirements, regulations, and guidance
- Inform sites that they may only transfer to a new sponsor or to have an agreement directly with MDE at the beginning of a new fiscal year.

*Sponsors of unaffiliated sites that incur all costs for food service may opt to retain all meal reimbursement and cash-in-lieu. This arrangement must be part of the permanent agreement with sponsored unaffiliated sites.

For questions regarding this memo, contact the CACFP office at 517-373-7391.